

ASX ANNOUNCEMENT

22 September 2020

Business update

- **Development of new in-house products**
- **Expansion of sales to Taiwan and Vietnam**
- **New distribution agreement to service China supermarkets**

Health and wellness consumer goods developer and manufacturer, Jatcorp Limited, is pleased to provide the following business update.

JAT has for the past year been developing its own in-house products and brands. A number of these products will be able to be manufactured at JAT's ANMA manufacturing facility.

Jinvigorate Diabetic Formula

JAT has successfully developed a milk formula specifically targeted at the diabetic market. The product has been analysed by Sydney University and has been granted the "Low GI Symbol Certification" by the Australian Glycemic Index Foundation.

The product is to be known as Jinvigorate Diabetic Formula which will provide nutritional support for people with diabetics.

After developing the product, JAT commissioned Sydney University's Glycemic Index Research Service (**SUGiRS**) to measure the Glycemic Index (**GI**) value of the product. The report by SUGiRS stated as follows:

"Using glucose as the reference food (GI = 100), foods with a GI value less than 55 are currently considered to be low-GI foods (12, 13). Foods with a GI value between 56-69 are medium- or moderate-GI foods, and foods with a GI value of 70 or more are high-GI foods. The Jinvigorate Diabetic Formula beverage powder prepared with water tested in this study produced an average GI value of 23, which places this product well within the low GI category."

Based on the conclusions by SUGiRS, the Australian Glycemic Index Foundation has confirmed to JAT that the product meets its certification rules and is eligible for the Low GI Symbol Certification. This is a very important requirement in marketing the product to the diabetic market.

Jinvigorate Diabetic Formula will be manufactured by JAT at the ANMA facility in Melbourne and distributed throughout Australia.

Expansion of sales to Taiwan and Vietnam

ANMA has received its first orders from Taiwan. Orders for children's goat milk powder and amounting to \$354,000 is currently being filled from the ANMA facility.

ANMA has also received its first order from Vietnam for formulated milk powder in 300g cans and lactoferrin in 60g cans. The sales revenue for this order is \$60,000.

Although both orders are relatively small, JAT expects to grow sales in both of those countries in the very short term. JAT has also commenced promotional work in Malaysia and expects to secure sales shortly.

Distribution agreement with Shengding Pty Ltd

JAT has developed a further product under a new brand, “Moroka Formulated Milk Powder with Lactoferrin”.

JAT has entered into an agreement with Shengding Pty Limited which gives Shengding the exclusive right to distribute the Moroka formula into supermarkets throughout China.

Shengding has in recent years successfully distributed many Australian products into Chinese supermarkets including the new concept retail stores. It is expected that Shengding will assist JAT to distribute lactoferrin range products into China’s supermarket chains and new concept retail chains such as Hema Supermarket (owned by Alibaba Group) and 7Fresh (owned by JD Group). This is significant for JAT since most of JAT’s lactoferrin products including Neurio range have predominantly been sold in the baby and mother stores. The relationship with Shengding it is expected to expand JAT’s Chinese sales network into Chinese supermarket chains and the new concept chains being developed such as Hema and 7Fresh. Shengding will also assist JAT distribute the other JAT in-house products currently under development.

The material terms of the agreement are as follows:

- The term is 24 months commencing 16 September 2020.
- Shengding has agreed to purchase 100,000 tins of products from JAT in the first 12 months of the agreement. This amounts to approximately A\$1.1 million ex-warehouse in Shanghai.
- JAT can terminate the agreement if Shengding fails to distribute the product or distributes the product outside China.
- There are no conditions precedent.

This announcement has been authorised for release to the ASX by Managing Director, Wilton Yao.

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About Jatcorp Limited

Jatcorp Ltd is a China-Australia trade specialist. The Company develops and markets a portfolio of in-house branded FMCGs, focusing on growth opportunities in dairy products.

JAT has positioned itself as a major player in the flourishing Australian consumer goods export industry, offering Chinese retail presence, online sales to Chinese consumers through offshore platforms, and high-volume wholesaling to daigou groups and other distribution channels.

JAT's extensive network of Chinese business affiliations is a substantial source of opportunities, both for the company and for its Australian business partners.